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UNCLAS ROME 005491

SIPDIS

L/PIL FOR HAL BURMAN AND JEFF KOVARS; IO/EDA FOR WINNICK  
IO/S FOR LISA JACOBSON

FROM FODAG

E.O. 12958: N/A

TAGS: [AORC](#) [ABUD](#) [UNIDROIT](#)

SUBJECT: REPORT OF 56TH UNIDROIT FINANCE COMMITTEE

REF: A) ROME 4415, B) SECSTATE 190770, C) ROME 4389, D)

SECSTATE 196873, E) ROME 04940

11. SUMMARY. THE 56TH SESSION OF THE INTERNATIONAL  
INSTITUTE FOR THE UNIFICATION OF INTERNATIONAL PRIVATE  
LAW (UNIDROIT) FINANCE COMMITTEE APPROVED A 2003 ORDINARY  
UNCLASSIFIED

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BUDGET LEVEL OF EURO 1,802,550.00, A NOMINAL INCREASE OF  
19,673 EUROS OVER THE 2002 LEVEL. USDEL DID NOT BLOCK  
CONSENSUS BUT STATED THAT THE U.S. POSITION CONTINUED TO  
BE ZERO NOMINAL GROWTH. THE BUDGET PROPOSAL WILL BE SENT  
TO THE DECEMBER 6, 2002 GENERAL ASSEMBLY FOR FINAL  
APPROVAL. END SUMMARY.

12. THE 56TH SESSION OF THE UNIDROIT FINANCE COMMITTEE  
MET ON OCTOBER 22, 2002. AS REPORTED IN REFTEL E, THE  
55TH SESSION OF THE COMMITTEE HAD BEEN UNABLE TO APPROVE  
A BUDGET DUE TO MEMBER CONCERNS (JAPAN, ITALY, FRANCE,  
SWITZERLAND) ABOUT A LAST-MINUTE INCREASE IN THE BUDGET  
PROPOSAL (TO ALLOW UNIDROIT TO CARRY OUT ITS FUNCTIONS AS  
DEPOSITARY FOR THE RECENTLY CONCLUDED CAPE TOWN CONVENTION  
ON INTERNATIONAL INTERESTS IN MOBILE EQUIPMENT) AND THE  
ANNOUNCEMENT OF THE GOVERNMENT OF ITALY THAT IT WAS  
REDUCING ITS CONTRIBUTION.

13. AS A RESULT, THE SECRETARIAT WAS OBLIGED TO WITHDRAW  
THE PROPOSAL AND REDRAFT THE BUDGET TO TAKE INTO ACCOUNT  
THE LOWER ITALIAN CONTRIBUTION. AT EURO 1,802,550.00  
(FOR ORDINARY EXPENDITURES) THE RE-DRAFTED BUDGET  
PRESENTED TO THE 56TH SESSION CAME IN SLIGHTLY BELOW THE  
ORIGINAL PROPOSED BUDGET LEVEL (REFTEL A) AND REPRESENTED  
A NOMINAL INCREASE OF ONLY 19,673 EUROS. (NONETHELESS,  
THE U.S. CONTRIBUTION REMAINS THE SAME (EURO 110,000) AS  
IN THE ORIGINAL BUDGET LEVEL.) WHILE FUNDING FOR  
SCHOLARSHIPS FOR DEVELOPING COUNTRY RESEARCHERS AND FOR  
CONSULTANTS WAS REDUCED, THE RE-DRAFTED BUDGET DOES NOT  
PROVIDE THE MEANS FOR UNIDROIT TO CARRY OUT THE FUNCTIONS  
OF DEPOSITARY FOR THE CAPE TOWN CONVENTION. IN PRESENTING  
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THE RE-DRAFTED BUDGET UNIDROIT SECRETARY GENERAL HERBERT  
KRONKE CALLED THE PROPOSAL ONE "BORN OUT OF DESPAIR"  
WHICH COULD BE TOLERATED FOR ONE YEAR, BUT WHICH, AFTER  
THAT, WOULD BE "UNSUSTAINABLE."

14. THE FINANCE COMMITTEE APPROVED THE OVERALL BUDGET  
LEVEL. USDEL STATED THAT, WHILE THE U.S. WOULD NOT BLOCK  
CONSENSUS, THE U.S. POSITION WAS AND REMAINED ZERO  
NOMINAL GROWTH.

15. IN DISCUSSION OF THE RE-DRAFTED BUDGET, MEXICO,  
FRANCE, GERMANY, SPAIN, SWITZERLAND AND AUSTRIA EXPRESSED  
DIFFICULTIES WITH THE SECRETARIAT'S PROPOSAL TO REDUCE  
"LEGAL ASSISTANCE TO DEVELOPING COUNTRIES" (PRIMARILY  
SCHOLARSHIPS FOR RESEARCH). USDEL STATED THAT THIS WAS  
AN APPROPRIATE LINE ITEM FROM WHICH TO SEEK SAVINGS, AND  
ENCOURAGED COUNTRIES TO CONSIDER VOLUNTARY CONTRIBUTIONS  
FOR SUCH SCHOLARSHIPS INSTEAD. AS A RESULT OF THESE  
CONCERNS THE SECRETARIAT WILL JUGGLE SOME OF THE INTERNAL  
LINE ITEMS WITH A VIEW TO PROVIDING MORE FUNDING FOR  
SCHOLARSHIPS WHILE STAYING WITHIN THE APPROVED BUDGET  
ENVELOPE. THE REVISED PROPOSAL WILL BE SUBMITTED TO THE  
DECEMBER 6 GENERAL ASSEMBLY.

16. CONCERNING THE DEPOSITARY FUNCTIONS, JAPAN AND  
AUSTRIA ALSO EXPRESSED SUPPORT FOR UNIDROIT CARRYING OUT  
THESE FUNCTIONS, BUT STATED THAT THE PROPOSAL HAD COME IN  
TOO LATE FOR CONSIDERATIONS IN CAPITALS. THESE COUNTRIES  
SAID THAT THE NEED TO SUPPORT THE DEPOSITARY FUNCTION  
WOULD BE GIVEN MORE SYMPATHETIC CONSIDERATION IN NEXT  
YEAR'S BUDGET PROPOSAL.

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17. THE FINANCE COMMITTEE ACCEPTED THE FINAL  
MODIFICATIONS TO THE BUDGET AND THE APPROVAL OF THE

ACCOUNTS FOR THE 2001 FINANCIAL YEAR (ALSO OUTSTANDING  
FROM THE 55TH SESSION.) HALL

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